

**Meeting Minutes
Su-Knik Environmental Bank
IRT Meeting**

Date: April 2nd 2007

Attendees:

William Ashton with DEC.
Mel Langdon with DEC.
Phil Brna with Fish and Wildlife.
Phil North, EPA, via conference call

Nicole Hayes, the Corps.
Jack Hewitt, Corps
Jonathan Taylor
Tracy McDaniels – Borough
Larry Peltz

Jeff Poetsch, SELLC
Jake Hodge SELLC
Jerome Ryan, SELLC
Kevin Noon, SELLC

Location: Historic Anchorage Hotel, in Anchorage

Handouts

Summary Prospectus – revised with IRT comments
HGM report without data sheets

Purpose of the meeting is to:

Review the Prospectus Comments that were merged into the MBI,

Discuss the results of the HGM Report and any comments the IRT might have
and the process forward.

Discuss the Preliminary Public Notice

Discuss the Rapid Assessment Methodology and Credit Debit Ratio

Discuss the Wetland GIS Database prepared by SELLC

Discussed:

Update on the status of the MBI

SELLC anticipates within a month to six weeks work on the specific MBI to start getting close to having a final MBI. Two pieces currently missing from the MBI:

Long Term Management, and the
Financial Situation

Long Term Management

SELLC has been working with the Nature Conservancy and the Great Land Trust to take responsibility for the Long Term management. They have agreed to work in partnership to perform the long term management. SELLC will be meeting with them to wrap up all of the conversations.

Financial Situation

Great Land Trust and Nature Conservancy have a program where they input detailed information about the properties and use that for determining what they deem is required annual support for managing the easement.

Review the Prospectus Comments

SELLC incorporated absolutely everyone's comments to the latest dated January

There were some things from Phil that were substantive and helped us focus in the rewrite. A major one was to make sure we were consistent with the new draft regulations/ mitigation regulations. So we took that document, pulled all of the pieces out that were relevant, plugged them in here, compared them to the text we had and the process and made sure we were consistent and changed the IRT language.

Mel's comments were pretty straight forward. We changed some wording on functional capacity index. We changed the type specific to Individual Bank. Incorporated some paragraphs they wanted.

Mel also had a question the stream bed, the actual stream bed for credits. We calculated the area of the stream, which is pretty much insignificant. They are 30 foot wide stream systems and probably fairly shallow, so we included those as riverine wetlands. I don't know what the nomenclature would be (waters of the US?) so that if a permittee would impact stream channel, they can calculate the area of the channel and it would be incorporated in the riverine wetlands for compensations in the bank. That was IRT Duncan's recommendation. I think Mel had questions about whether or not there was going to be used.

Larry and John's comments asked that sequencing paragraphs be put in and a line that says we can't use the bank for estuaries, added the compensation ratios we put into the prospectus.

SELLC asked who from USFWS was going to sign the MBI. USFWS thinks it might have to be the regional director but he will find out.

The IRT's comments focused on the service area and debit ratio multiplier. His comment related to the service area was on the Lower Susitna Watershed and the impact of the development that was happening there. SELLC incorporated his comments to change the watershed edge.

The IRT also had comments on the Debit Ratio. SELLC stated that this area is really beyond the purview of SELLC. They were asked to help start the conversation and offered to continue assistance in its development. As for debit ratio's, SELLC explained that the previous IRT discussed this issue, but presented in detail the origin and critical issues of debit ratio's implementation. The most critical issue being the potential net loss of wetlands as development increases. This will occur if not addressed in the current HGM approach to determining ratios. SELLC mentioned that currently the ratio discussion is in Appendix G. Decision was made to put the Ratio discussion in a research folder separate from the core documents that need to be in the MBI.

SELLC noted that Jack reviewed the final revision that incorporated all of the comments. The IRT received the final revision via email. In the final edit Jack's comments were given precedence because the language has to be consistent with his regulatory needs.

The IRT discussed what they think about this debit/credit methodology.

IRT thinks the debit ratio it's going to be flexible. It's going to be their decision as to what the ratio is depending on what the resource is.

The CORPS referred to the Anchorage methodology but confided that they really don't know what to expect in the Valley. Jack said "You know, we don't have a system in place out there. I think anything that goes at this point is out there it's going to be a work in progress. We don't require mitigation to most impacts out there. I don't see that changing immediately, but we are going to have another tool here if mitigation is required out there pertaining to any particular project."

Another IRT member mentioned that "As of today, there's really not much mitigation for most, if any mitigation for most projects. So this is going to be a big pill to swallow for people out there. But as time moves on we're going to see more of compensation. There's been trend in that direction.

SELLC is meeting with the Borough to discuss other issues, go over the national program and water quality, etc. and it seems to the Borough bought into this concept so that is a vehicle by which compensation can be done in the area. There is a movement towards

wanting to require more compensatory mitigation. SELLC will report to you how that conversation goes.

SELLC the national program should strengthen your sequencing process - avoidance and minimization process if more and more people are required compensate.

A IRT member recognized that they are just starting to understand what all of the impacts from the boom of development and what that's been doing to the water resources of the Valley. A requirement for mitigation will increase as needed.

SELLC mentioned that some of the other agencies are also interested in seeing compensation required for some of these bigger projects in more sensitive areas, at least most of the agencies. And asked if Fish and Wildlife, EPA and the State are interested in seeing more compensation?

FWS said they really do not comment on that at the Borough level anymore because we don't have anybody left. They are certainly are interested in seeing compensation and wetland planning and we hope that maybe this will be useful tool by the Borough. By the way Skip and I and some other agencies will meet with Marc Van Dongen at the Port in a couple of weeks to talk about wetlands planning for the 10,000 acre core area.

IRT discussed the fact that, with respect to the issue of compensatory mitigation, that generally in the past, because there hasn't really been any system for doing so they've had a hard time identifying opportunities for compensatory mitigation. And so it isn't that they shouldn't make any compensatory mitigation associated with permits, they've just had a really hard time doing that. So this will make a system readily available and easy to identify compensatory mitigation and will be an established, agreed upon system for appropriate mitigation. So that will make it easier for the compensatory process.

SELLC asked about the methodology used in Anchorage.

IRT said it is extremely complicated and offered to send it to SELLC as it has not published or analyzed and is not available on the website. Someone at EPA came up with it. Basically, the wetlands in Anchorage were all mapped and given a classification of A,B,C, D

SELLC offered to look at it and help develop a tool together. They also said they would keep the discussion open, document it in the resource folder and work with the IRT on it.

Wetland Geodatabase

SELLC hired Herrera to prepare a geodatabase, on the IRT's request. They had them do a complete inventory of survey area based on their intimate knowledge of their 2,000 plus acres they lived on for a while doing the HGM. Using the information they collected in the field, soils, wetlands, etc. combined with the aerial photographs they then compared

that data to the NWI maps and were able to make a more refined map of the wetlands in the survey area. Using that data they were able to extrapolate the information and apply it to the wetlands with in the service area. The data is backed up with photographs and samples into a huge database.

IRT (CORPS) asked if that information can be incorporated it to their GIS?

SELLC said that it could be easily. The database is currently just for the first banks service area. But additional data will be collected as the future parcels are brought into the umbrella bank.

SELLC also explained that the SELLC owns the data it is not copyrighted. The CORPS has a copy now and they can distribute it to whomever the CORPS would like.

IRT/CORPS anticipates incorporating it as another tool into the GIS they're working on right now. They think it is tremendous that SELLC did it.

HGM Report Ground-truthing

SELLC reviewed the John Hall/Herrera Report. They noted that John Hall did the Palmer-Wasilla Area Wetlands and with the FWS, he also put together an HGM guidebook for the Slope Flat Wetlands of the Cook Inlet. So, it's most appropriate that he would help SELLC come up with an HGM guidebook for the slope flat and the riverine wetlands on our properties. His experience coupled with comments from the IRT on the number of sites, etc discussed at the April 2nd meeting, created this method.

The team developed both an HGM method and a rapid assessment method. Both methods were applied in the field to 20 percent of the area. They found exactly the same result between the two methods and the results are in here. The conclusion is that the rapid methodology is an appropriate methodology that can be used without the ground-truthing at this point.

Using the information from the results of the 20 percent of the area that was ground - truthed, they then came up with parameters, air photos, etc., and applied it to the whole entire site. Questionable areas were chosen so that there would have a complete picture of all the property. A wetland determination was done by traversing all three properties testing soils. They field verified 35 locations across the properties. A look at the plan of wetland areas shows confident results. This process was after long discussion with the IRT.

The pull-out tables show the HGM result and the functional capacity index. This is what SELLC used to go back and calculate the credit ratios.

Credit Ratio

SELLC presented the credit ratios as one acre of HGM equals one credit. There are riverine credits and slope flat credits. The slope flat is one acre of the value of one HGM. With the riverine wetlands we broke it down into a tenth of an acre because of likely impact of the area as well. So it's the same number of credits per acre total. These ratios will be used as we bring in other properties into the umbrella bank.

Phil North, EPA [acting as the interim representative for the EPA] on Phone, asked if SELLC is using a summary statistic with HGM, so each wetland has a summary statistic that you are meeting or are you keeping the various functional statistics separately and you'd have to – so that you can only get, for compensatory mitigation the functional statistics?

SELLC “I'm not sure of the question. We have functional capacity index for the different types of scrub-shrub, emergent, forested function and then the riverine category. Is that what you mean when you say?”

Phil on the Phone – “No, not quite. If, you know when you're looking at – when you're doing your HGM you're looking at the various functions, not the classes, but actually the function. So, now you might have water flow attenuation, nutrient export, etc.”

SELLC said “In the summary basically it's a different functions, if I understand correctly, are brought together in a weighted average Kevin?”

Phil on the Phone “I guess my suggestion and you can, as I'm not officially involved in this process, I'll let you guys decide how you want to use my suggestion, but you cannot use the summary statistics because, let's say you have an urban wetland that is fairly degraded, but has a lot of run off going into it, so it has a very high value in terms of pollutant or pollution processing, in a summary statistic that might be totally lost, or not totally lost, but at least very diluted by the fact that other functions are highly degraded, so the summary statistics are very low. But then you're losing that very important function because of that delusion.”

SELLC “That's doing more on the debit side, as to how properties are being impacted, how you determine how many credits that you can purchase from the bank. Not from the side that we're working from right now determining the number of credits we have in the bank. Bill on the Phone agreed”

SELLC “So we have functional capacity index for the summary index number and 0.93 is our lowest value and all the rest are 0.99 or 1 for Fish Creek, so that variable that pulled that score down was the fact that there were roads traversing some portion of that, so I think the variable juxtaposition to development was high, so that pulled the score down. So, you're suggesting that if it's applied by debtors that they should look at the individual

variables very carefully and weight those instead of letting them summarize and dilute the score?"

Phil on the Phone – "That's right in effect. Any functional score that's over 0.9 is pretty high and probably in your urban areas you're probably going to get some scores much lower than that. But you don't want to misrepresent some very important functions or lose the fact that you have some very important functions going on in your urban environment."

SELLC noted that part of the process is a going to be an ongoing process of the CORPS and the agency to say, "Now that you have the information and input, ok, what are it's trade off? You have to look on all of the debtor's side and then you get to the point where you have to use the process."

Phil on the Phone – "Right. My only criticism of HGM or any process that uses a summary statistic is that you lose that individual functional information. And so when you're mitigating you may not really end up replacing the function that you're losing. I'm just throwing it on the table for consideration."

SELLC described that what the HGM came out with was that the land that we chose and with the IRT's involvement are the extreme high ecological functional value. The values are from 0.93 to 1, with 1 being a pristine site. Which is why the sites were chosen and it is why they are very important. It is important to remember, especially for opponents to the bank, is that because of their size they will maintain a high functional value in the future. Whereas, what will you get from people who don't want to use the bank? What happens in 20 years when development is all around it their mitigation? How do you get compensation for a degraded wetland in the future? So, that's why the sites selected that's why their size is so important as demonstrated by the HGM.

SELLC will send Bryan Herzceg a copy of the HGM mid-April he will be replacing the interim IRT representative for the EPA, Phil Northl

SELLC asked for any comments on the HGM.

IRT had no additional comments.

MBI Comments

SELLC would like to get comments back from IRT on the MBI that is in front of them.

SELLC will email out to the IRT, the umbrella MBI. This will be the copy to use going forward.

IRT discussed getting comments prior to the meeting and will have additional comments. Discussed having comments by the middle of May.

Public Notice

SELLC understands that now is an appropriate time to put out a public notice.

IRT/CORPS believed it was after the instrument had been signed is when the public notice went out.

SELLC asked if they thought the public notice process is the way of settling the issues the public may want incorporated into the easements? SELLC is more than fine with it going out after the documents are signed. But noted that what it does is it closes off public involvement in the process. They mentioned that in the lower 48's is that the notice went out before the MBI so that their comments could be addressed at the CORPS discretion. They want to make sure there are no red flags out there. They do not want to fine tune the MBI only to have to go back and redo things as it becomes a time issue.

SELLC mentioned that they would put out what SEAlaska put out. Use that as a template, put in SELLC pertinent information. And that is all that is delivered to the CORP at this point and time. It is the prospectus that goes to the public and then there should be a link to the rest of the outline so people could go through the whole thing.

IRT They will check on this issue. They will also find the answer to the issue of commenting as an IRT member versus commenting as an agency. The CORPS understands that they would have to make a formal response to the agency if the IRT did not reach consensus.

It was noted by the Corps that they are the only necessary signatory of the MBI for the Bank to go forward.

Long Term Management Team

SELLC is in the process of long term management meeting with the two groups that looks likely to partner to form the long term management team – the Nature Conservancy and the Great Land Trust. One of the things that the IRT needed to talk about, is some of the restrictions. One of the comments was what is going to be allowable activities on the sites and what are not allowed on the site.

It can just become part of the HGM basically monitoring and then maintaining that functional value, so that they only use the site would be basically monitoring it and maintaining that functional value. Is there any public access or kind of educational access available. Any ideas on that?

SELLC said there may be an opportunity to allow for some very limited interpretation, wetland interpretation boardwalks, something down the road. We don't want to preclude that, unless the IRT desires it. But if we might want to correct the language to allow for something that the IRT would approve the use of just to keep it open so that we don't – in other words the Borough might make a request to put in a interpretive trail or something

down the line or some way to control random access. One way would be to put in a boardwalk to an area, let's say, very popular to people and turn that into an interpretive trail, but that's just some ideas that – we don't want to limit it too much, but that's up to you [the IRT].

IRT mentioned that the public will use the property. Especially in September with hunting.

SELLC mentioned that the HGM has shown is that so far the public use of the property has not had any negative impact as yet. This is one of the things monitoring will help with is determining which, is any, of the properties are degrading from those kind of activities in the future. It will allow them to step in and not let that happen.

Financial Conversation

SELLC mentioned the last point is the financial situation. We put a number on there that's holding that, but that they will have a more in depth conversation tomorrow with the Nature Conservancy and the Great Land Trust as to what they feel is really necessary to do with the appropriate management of the property. They will report back to the IRT on the basis of what we come up with and we talk about whether the IRT feels the numbers are appropriate. I don't have the appropriate data at this time, so let me have that meeting and then start getting the numbers for it.

IRT asked if SELLC would you incorporate the financial information in the document before it goes to public notice?

SELLC said it typically is not, but it would be one of the reference documents and would be available.

Next Steps

SELLC will talk to the CORPS about the public notice, get out to the rest of Jack's comments on the umbrella and MBI to the IRT some point in time and we'll look to putting the comments back in the MBI in the next five to ten weeks and then come up with the final version of the MBI. In the meantime they will be working on the long term management and financial stipulations that will be put in the MBI. As SELLC gets that information they will pass it on immediately.

SELLC clarified that the wording of the easement in the public notice. SELLC sensed the IRT was concerned about the stipulations on the use of the property. The uses should be clearly defined in the bank instrument, so unless you can think of any other details in the easement that would be of the public interest will be explained somewhere in there.

SELLC also clarified the most current documents. There are two documents that were sent. One of them the CORPS has done another version of, which is the bank prospectus or bank instrument as it is now called. The other one is the site specific individual plan, which hasn't changed yet. Just know that the individual bank plan hasn't changed, but there's a new version of the prospectus.

SELLC I'm looking at the long term process, at this point and time the public notice has to happen, we need to get easement long term management of the bank stipulations for the MBI. We've done the HGM, and the conservation easement is determined to be deemed appropriate, we're at a point where it's signature time or do we need make the instrument. Is that the IRTs understanding? Is there anything that is in the way of that happening? We talked about it last year and then provided a one to two page summary to make sure people are aware of the project. Is that process happening or does anything else need to happen before the final documents?

IRT has communicated it and the response was, "Don't bother me now."

Using Proposed Mitigation Banking Regulation Wording

IRT is concerned about using the proposed rule linkage throughout the document because at this point it is not known what is going to be final. They will take a look at that and make some comments on it.

SELLC agreed but feels the concept of the proposed rule is solid, whether it's approved or not.

IRT commented that the rule is beneficial and positive, so we don't have a problem keeping it consistent with the draft, but the language thing, the nomenclature might be a problem if they don't accept IRT versus MBRT. There is also a concern with the use of the wording because legally they didn't do the public notice, so they need to make sure it is clear that the wording is from the regulations and not the proposed rule. They will make comments.

SELLC suggested they let them know whatever wording they want changed.

End